



United States Senator
Richard Shelby
REPORTS TO ALABAMA



PROTECTING MEDICARE

Last year, Congress made some small, but significant changes to the Medicare program that would extend its life beyond the next ten years. Despite the bipartisan congressional support, the Clinton Administration opposed these reform efforts. Now, the Clinton Administration is advocating the expansion of Medicare coverage to those not currently covered, rather than focusing on strengthening the existing program.

He has proposed allowing retirees ages 62-64 to buy into Medicare. To receive benefits, these early retirees would be required to pay a premium of about \$300 per month. Once participants reach age 65, they would be required to pay an additional \$10 to \$20, in addition to their monthly premium, for each year they were part of the program.

Displaced workers age 55 and above could buy into the Medicare program by paying about \$400 per month. These individuals would not be required to make additional payments above the normal premium. Finally, retired workers over age 55 whose former employer drops their

health insurance coverage, would be afforded COBRA coverage until they reach the age where they qualify for Medicare. Retirees would pay a premium of between 120-125 percent of the employer premium.

I am concerned by President Clinton's latest attempt to expand government-run health care, and certainly at the fact that he is placing the Medicare system at unnecessary risk. President Clinton's plan would add even more people to a system that will go broke unless the necessary steps are taken to place the program back on sound footing.

Essentially, President Clinton's proposal would coerce more individuals into government-run insurance programs and away from private insurance. Additionally, some people who could afford private insurance would enroll in the Clinton program to take advantage of the lower government premiums. The difference between the free market and government set premiums would have to be made up by the taxpayers — even though many of these individuals could afford to pay.

The Clinton Administration

claims that the proposal finances itself through the premiums people pay into the system. Even if one were to believe this assertion, the proposal opens the door to providing government-run health care not just for seniors, but for those much younger. Ultimately, these costs are passed down to the taxpayer. By allowing younger people to buy into Medicare, the Clinton proposal will encourage people to retire earlier, thus undermining previous attempts to encourage later retirement by gradually raising the eligibility age of Social Security to 67.

I am very troubled by the President's stated intentions regarding Medicare, particularly since he appears to be more concerned with implementing a government-run health care system than with saving and protecting Medicare for those who need it.

I intend to work with my colleagues to ensure that the American people are fully informed and aware of any changes made to the Medicare program, and I will work against any attempts by President Clinton to weaken Medicare.

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